

October 2005

The OPA White Papers

Measuring Local Audiences Online

Published by:

 **online publishers** association

Author:

Marissa Gluck, Radar Research, LLC

EXECUTIVE SUMMARY

As locally targeted ad spending increases and the use of local Web sites and their services expands, the need for accurate and detailed measurement of local online audiences is of the utmost importance. The analysis that follows examines and compares the five major public sources of information on local online audiences. It shows that different research methods result in significantly different estimates of visitors to Web sites in local markets.

- For comparable local sites, telephone survey-based services report higher estimates of local site visitors than services that use panel-based research methods. Panel-based services report monthly site visitor numbers that are notably lower on average than services that use survey methods.
- While the estimated number of visitors reported can vary widely, the relative ranking of sites across methods and vendors is generally consistent.
- Within methods (telephone survey or tracking panel), differences between vendors with respect to specific data collection procedures, question wording, visitor aggregation rules and at-work/at-home sampling and projection techniques cause additional variation in local market visitor estimates.

For online advertising buyers and local publishers, this means significantly different conclusions will be drawn about the size and demographic makeup of audiences depending on the source of information used.

More specifically:

- Accurate comparisons across sites in a local market or across multiple local markets are best made with data from a single vendor.
- Comparisons between national audiences for local sites (number and demographic composition) and local audiences for local sites are difficult to interpret both within and between methodologies.

OBJECTIVES AND BACKGROUND

This paper discusses the broad array of local market measurement tools available, examining each vendor's methodology and analyzing data from each service across several local markets. The purpose of this paper is to better understand what these services measure, how they measure it, the differences between them and, perhaps most importantly, how their local measurement results compare to one another. Specifically, the intent was to identify any patterns of differences that may exist within the data and answer the following questions:

- How do the services compare within a given local market?
- Are there consistencies in these comparisons across local markets?
- How does the measurement of local media sites versus national media sites compare in representative local markets?
- What are the limitations of each of the measurement services?

There are two primary methods of measuring local audience activity – metered tracking using panels, and telephone surveys. As you read through the paper, please keep in mind:

- 1) Metered tracking panels and telephone-based audience surveys measure consumer behavior differently, so there can be significant differences in their results. There's no one right answer. Each methodology has strengths and weaknesses.

- 2) Audience surveys such as The Media Audit and Scarborough employ aided recall (respondents are asked which Web sites they visited and given a list of Web sites to choose from) or unaided recall (no list is provided and respondents answer from top of mind).

Services using metered tracking data (comScore and Nielsen//NetRatings) use technology that Records which Web sites an Internet user visits (via software that respondents voluntarily install on their computers). While audience surveys may increase responses for the best-known brands, metered data may under-represent the at-work audience – an audience that makes up a large portion of visitors to many publishers' Web sites. Few companies permit metering software to be installed on their computers, especially medium to large-sized companies. So, at-work data is collected from a precious few respondents and generally comes from smaller businesses and is then extrapolated to the full at work audience.

LOCAL MEASUREMENT PRODUCTS AND SERVICES

comScore Media Metrix and Nielsen//NetRatings have each entered the local measurement marketplace using metered panels. Using telephone surveys, The Media Audit, a Texas-based market research company that measures offline media usage, has been measuring local online sites in addition to other local media for a number of years. And Scarborough Research, a joint venture between Arbitron and VNU Inc. originally founded to measure newspaper readership, has expanded to cover local online media use, again using telephone surveys as the primary data collection tool.

The following sections take a closer look at the methodologies, feature sets and services of these companies for local media measurement.

comScore Media Metrix

With a mega-panel that includes over 1.5 million continuously measured consumers in the U.S., comScore Media Metrix reports on the surfing and buying activity of consumers, offering information used to perform market and competitive research, as well as media planning and analysis. comScore's Local Market sample is comprised of approximately 250,000 individuals, aligning relatively closely with other vendors in the local measurement space. comScore reports on individual users, not households. At the start of Internet activity, comScore identifies individual panelists based on user response to an ID request or based on other user-supplied information.

Panel sizes for individual markets -- comScore covers the top 101 local markets -- vary. comScore weights its local panel using its national Media Metrix Random Digital Dial (RDD) panel. Under comScore's minimum reporting standard for a local Web property, at least 30 panelists must have visited the site within the past month. comScore does not integrate the usage behavior of persons under the age of 18 in its local market service. (It reports on ages 2+ in its national service, as does Nielsen//NetRatings.) comScore claims its service covers more than 90% of Internet activity across more than 90 categories and subcategories in 101 local markets.

Optionally, comScore's local service can also report its Buying Power Index, which values site audiences based on online spending.

Nielsen//NetRatings: MegaView Local and @Plan

Nielsen//NetRatings offers two services that report on local media measurement: @Plan and a new service, MegaView Local.

@Plan is primarily a media planning tool used to gain insight into individual lifestyle and brand choices; however, it does include some aided-recall measurement of locally-oriented sites and local audience preferences. The information in @Plan is based on online surveys of adults 18 years of age and older who are recruited via telephone RDD. Data is collected 364 days per year and released on a quarterly basis.

For those interested in going beyond media planning into competitive analysis and market research, Nielsen//NetRatings offers MegaView Local, which provides more granular detail on local online media consumption. MegaView Local's sample is currently 140,000 households, which translates into roughly 350,000 individuals. Through this product, Nielsen//NetRatings can report on "unique visitors,"¹ reach, page views, sessions and time spent within a particular DMA². Further, MegaView Local reports on these metrics across DMAs, ranking sites by reach in each market and indexing the local market rankings to national rankings. While MegaView Local currently covers the top 89 DMAs, its coverage area will likely expand as the panel size increases.

MegaView Local also provides custom information enabling clients to identify their visitors' navigation patterns and where they are coming from relative to their market. For instance, a local television station's Web site that covers the New York DMA will be able to ascertain what percentage of their site visitors are from within that DMA.

While the panel can report on household usage, it currently lacks individual-level reporting. As a consequence, visitors for demographic cuts such as gender can sum to more than the total for all adults, since some households may contain multiple adults of the same gender.

Scarborough Research

Already having carved a large niche in the local newspaper measurement industry, Scarborough Research logically expanded its services to include local newspaper and television Web sites.

Though it produces a multi-market database that covers about 80% of U.S. adults from its individual market studies, Scarborough's core service measures the top 75 local DMAs. The company reports on 1,700 categories and brands, including retail shopping behavior, lifestyle, demographics and media usage. In addition to its syndicated study of consumer behavior, the company also offers customized services.

Instead of tracking actual behavior, Scarborough's two-phase research methodology uses telephone interviews conducted evenly throughout much of the year. Telephone interviews are followed by a mail-in survey. Data is tabulated and released every six months. Scarborough relies on aided recall to determine media consumption behavior.

The company contacts a random sample of adults from each of the top 75 DMAs, surveying over 203,000 individual respondents aged 18 or over living in a household with a landline telephone. Respondents are specifically asked about their online and offline media viewing habits, drilling into which TV station and newspaper Web sites they use. For local markets, the number of respondents ranges from 2,000 to 10,000, depending on the size of the DMA.

Scarborough's strengths include its multimedia reach and frequency analysis and its focus on shopping and retail behavior. In addition, Scarborough believes its use of aided recall is a significant advantage in that it eliminates unreasonably high estimates for more well-known sites and avoids turning measurement into a brand popularity contest.

¹ In MegaView Local, NetRatings defines a "unique visitor" as "the projected number of household or work computers that have accessed a given site over the time period in question." This is in contrast with the definition of "unique audience" in NetRatings NetView service, which is "The total number of unique persons who have visited a Web site or used an application at least once in the specified reporting period."

² A DMA (Designated Market Area, a trademark of Nielsen Media Research Inc.) is a group of counties in the U.S. that are covered by a specific group of television stations. The term was coined by Nielsen Media Research for their television ratings services. There are currently 210 DMAs in the U.S. The size of a DMA is determined by the number of TV households contained within that area and the percentage of the area's population in relation to the entire country. While DMAs were originally designated for TV measurement, they have become an industry standard for local advertising planning and direct marketing.

The Media Audit

The Media Audit uses telephone surveys to measure media consumption and lifestyle preferences. Its primary product is a syndicated local-market, qualitative-audience survey currently conducted in 81 markets throughout 37 states and sold as an annual subscription to members of the communications industry. The survey covers more than 450 target items for each rated media audience, including demographics, lifestyle preferences, products purchased, credit cards used and other selected consumer characteristics.

The Media Audit also uses RDD to reach a random sample of adults over the age of 18. Over 117,000 telephone interviews are conducted each year. The survey data is weighted by age, sex, ethnicity, county and household size according to population estimates as reported by Market Statistics Incorporated. For the top 45 markets, the survey is conducted and a report is released twice a year. For the smaller markets, data is collected and released once a year. Interviewing is done at different times of the year in different markets.

The Media Audit collects Web site ratings data for local newspapers, television stations, radio stations, city guides and alternative weeklies in each of the 81 markets, in addition to data for national sites to which consumers turn for local information, such as MSN, AOL, and Yahoo!. The Media Audit also gathers data on national classifieds sites such as Monster, HotJobs and cars.com. In an aided recall survey (with the exception of classified sites, for which open-ended questions are used), The Media Audit asks what sites the respondent has visited in the past 30 days, the past week and the last 24 hours. The survey specifically asks if the user has visited a national site such as Yahoo, Google or MSN for local information, which can produce different results than simply asking about visits to the national sites in general.

The Media Audit reports daypart use for various media, including the Internet. It uses a single telephone interview, rather than telephone interview and mailed follow-up.

DATA AND ANALYSIS

The Online Publishers Association collected the most comparable data available from all five services (comScore Local Reports, Nielsen//NetRatings' MegaView Local and @Plan, Scarborough Research and The Media Audit) for three local markets or DMAs of varying size: Los Angeles (the #2 DMA), Orlando (the #20 DMA) and Kansas City (the #31 DMA). For each service, the Online Publishers Association used the most recently available data at the time of writing. The Media Audit data is from the April/May 2005 release, @plan is from the Fall 2005 release, Nielsen//Netratings MegaView Local is from June 2005, Scarborough is March 2004 to Feb 2005 and comScore is from March 2004 to May 2005.

The analysis of each DMA included data on locally based sites (one newspaper, one television station) for each DMA, such as the Orlando Sentinel Web site in Orlando, or the NBC4 Web site in Los Angeles. In addition, local visitor data on three national sites -- Yahoo!, MSN.com and Google -- was analyzed when it was available and there was a statistically significant local audience reported. For example, The Media Audit asks about MSN for local information, rather than MSN.com, so MSN.com data is not available. Where possible, the OPA also analyzed demographic data, such as gender and age, in each market.

Local Audience Data

The three markets analyzed resulted in the following observations:

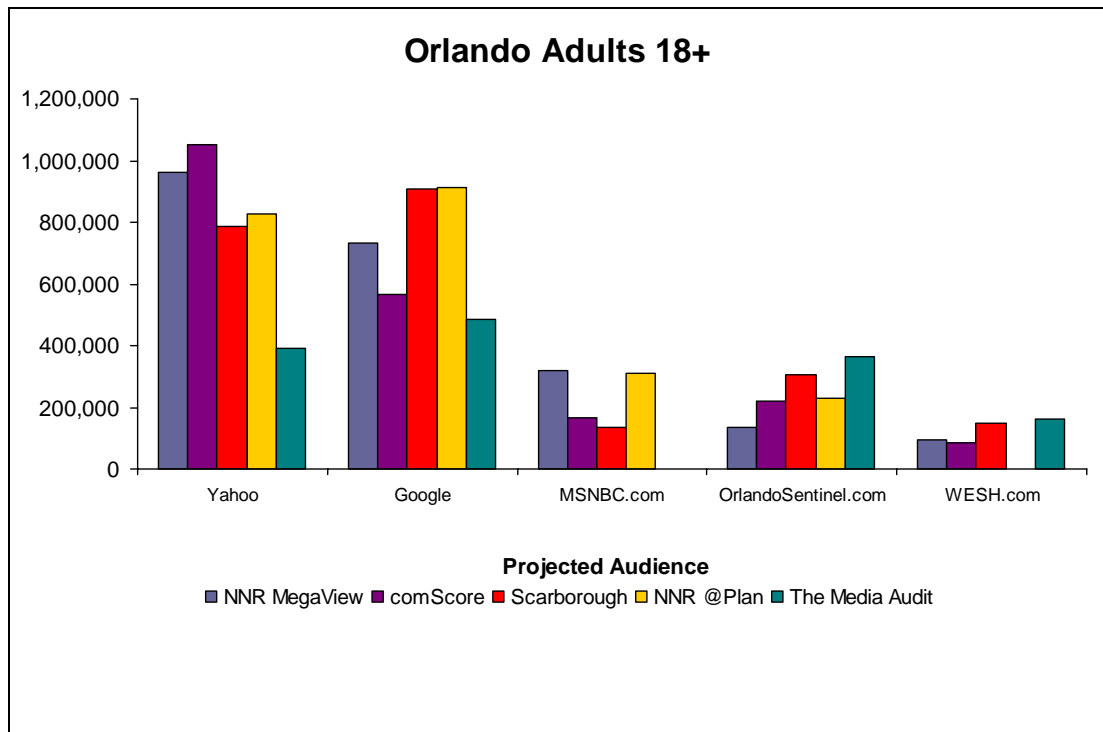
- 1) For local sites in their local markets, survey-based services on average report higher total visitor numbers than panel based services. On average, survey-based services show about 70% higher visitor numbers, though the differences vary by market, demographics, site and service. (Survey-based services are @Plan, Scarborough and Media Audit. Panel-based services are MegaView Local and comScore Local Reports.

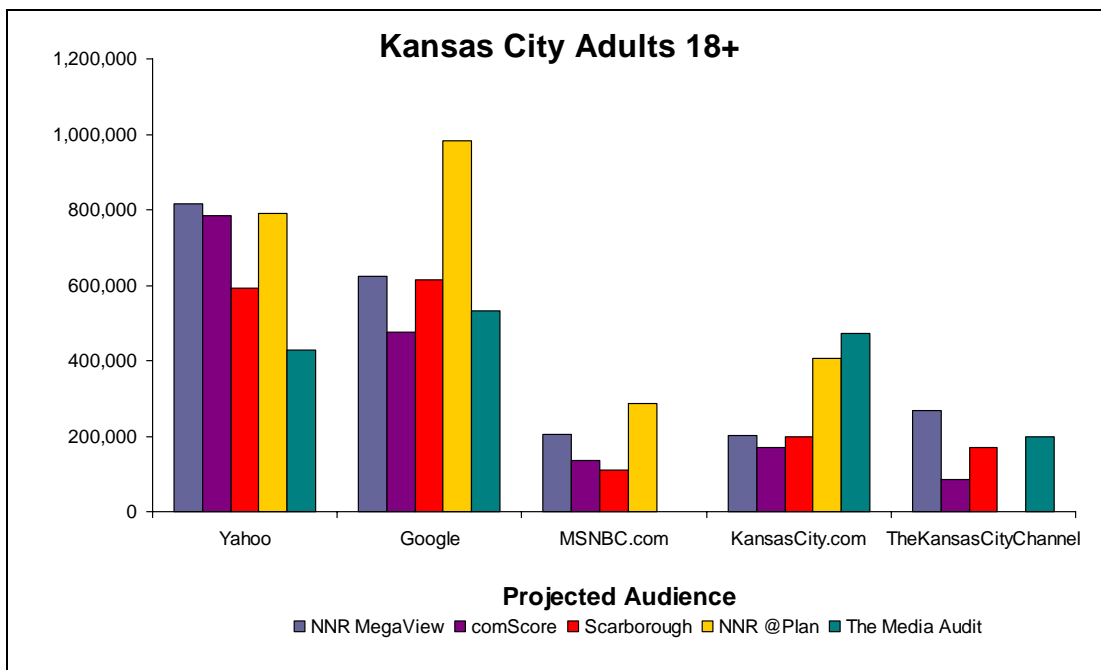
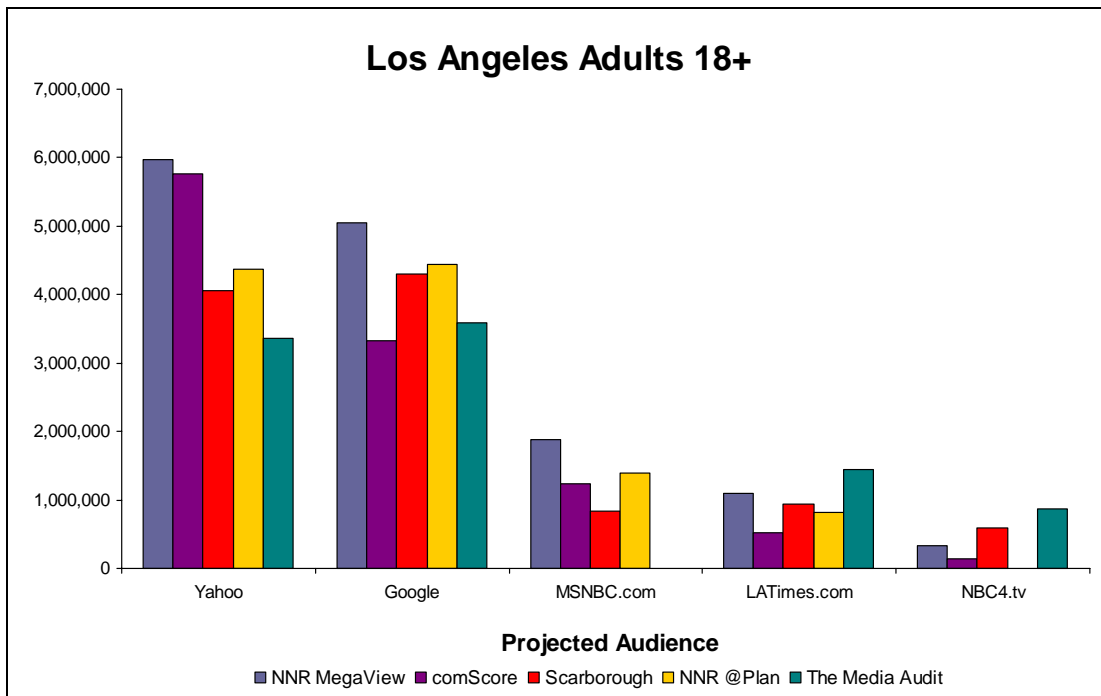
The difference is greater for men than for women. It is greatest among the youngest age group (age 18-34), less pronounced for the 35-54 age group. For the 55+ age group, the difference reverses: on average, surveys report lower visitor numbers than panel-based services.

Looking only at average, however, obscures the considerable variation in the numbers. For example, in Los Angeles, The Media Audit projects local visitors to LATimes.com at about 1.5 million, while comScore reports roughly one-third of that number: 0.5 million.

For panel-based services, comScore generally (but not always) reports lower projected visitors for local sites than MegaView Local, not surprising given the differing definitions of "visitor."

- 2) For national sites in these local markets, the differences in visitor projections between survey methods and panel methods are much smaller. On average, the survey methods project local visitors for national sites about 10% lower than panel methods do.
- 3) National sites, such as Yahoo! and Google, tend to have larger overall market share than local media sites in the local markets. When use of national sites for local information is measured, or when visitors to local sections of national sites are reported, the gap between national and local sites diminishes somewhat.



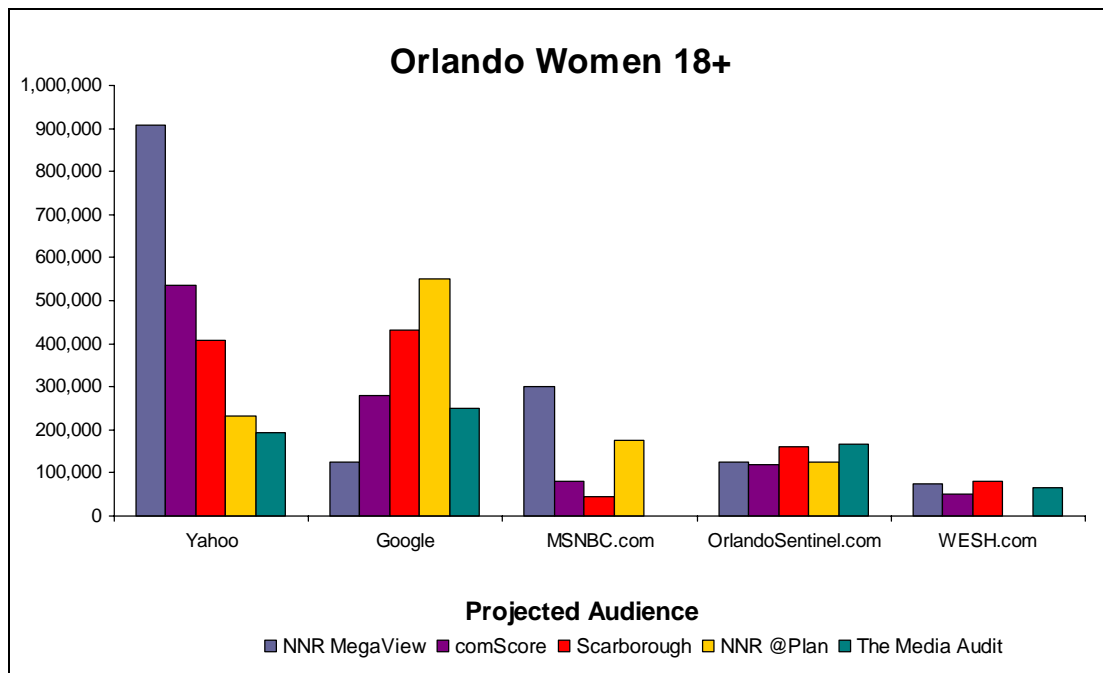
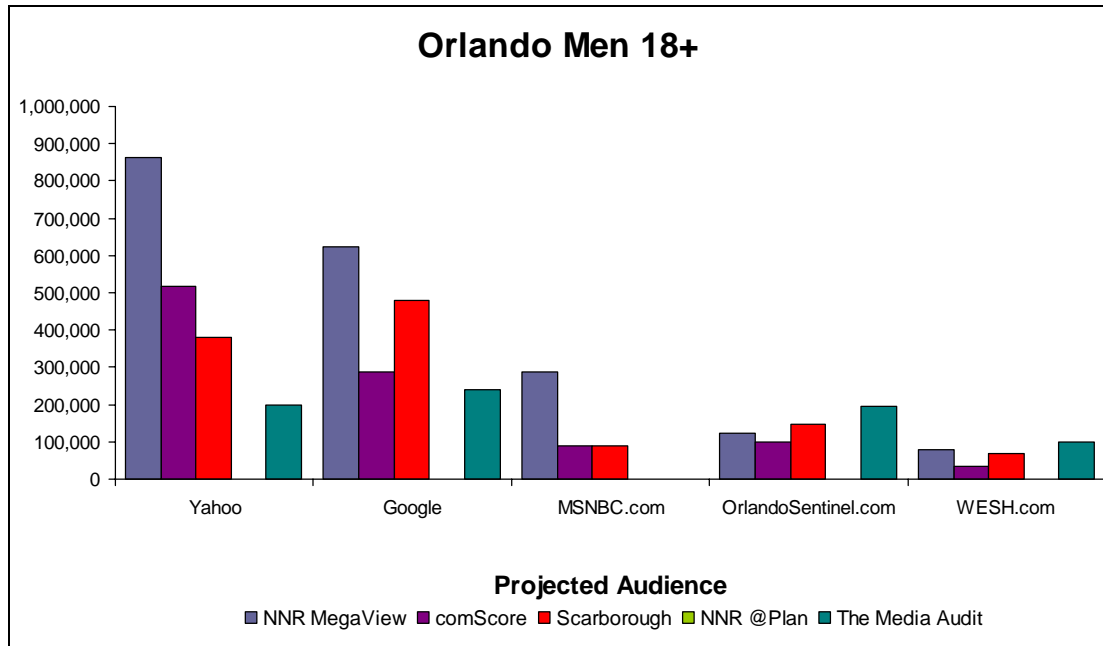


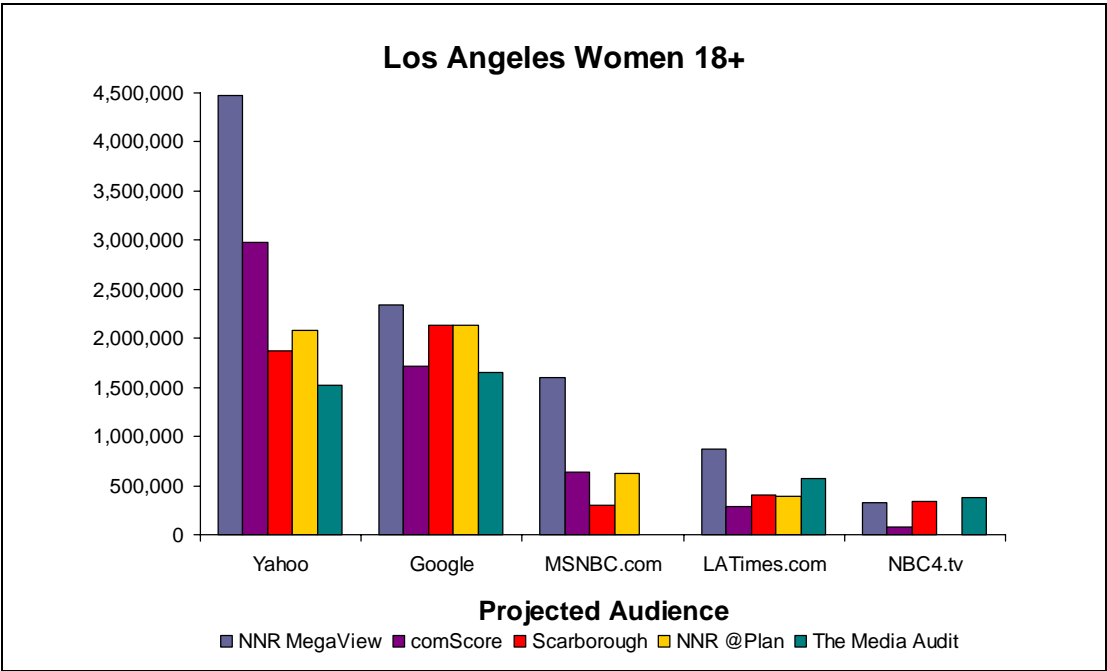
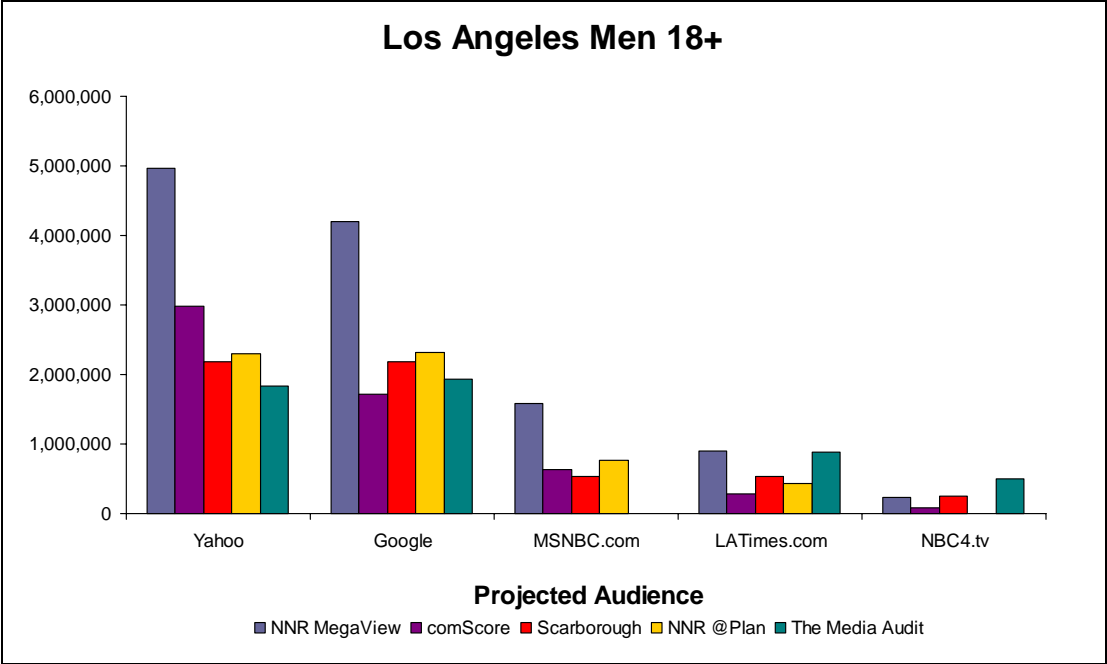
The data also reveal significant gaps in reporting. For example, The Media Audit measures the use of national sites such as Yahoo, MSN and Google "for local information." Therefore, The Media Audit does not report on MSNBC.com but rather "MSN Local." Scarborough measures their overall usage (for all types of information, not just local). The comScore and Nielsen MegaView Local products report overall use (analyzed here) as well as channel/section use for national sites (not analyzed here).

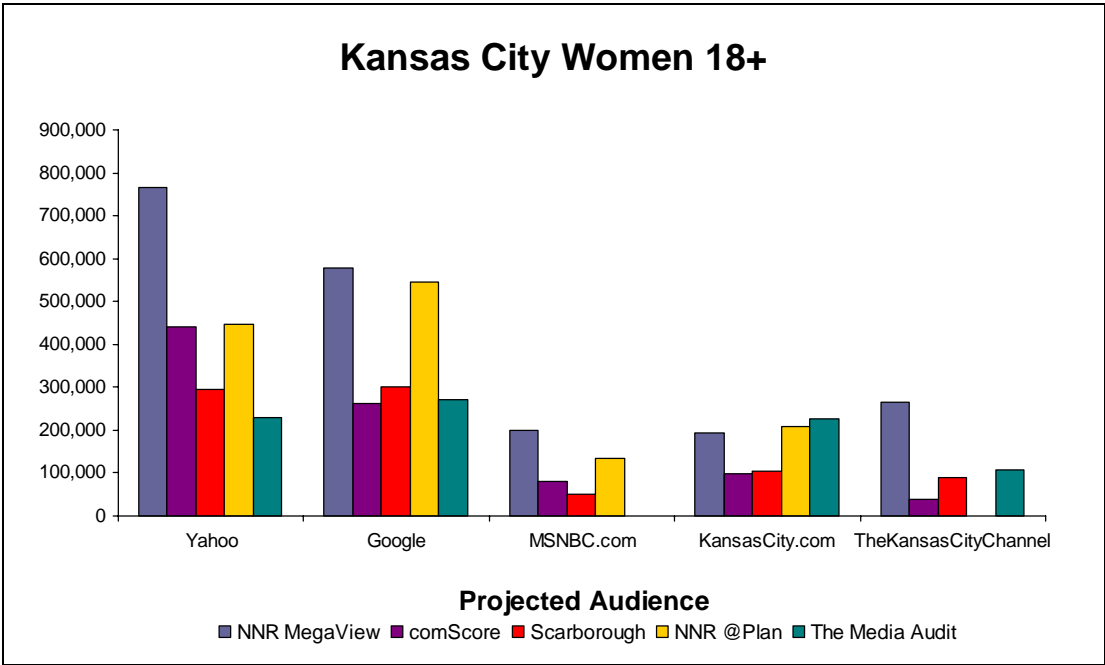
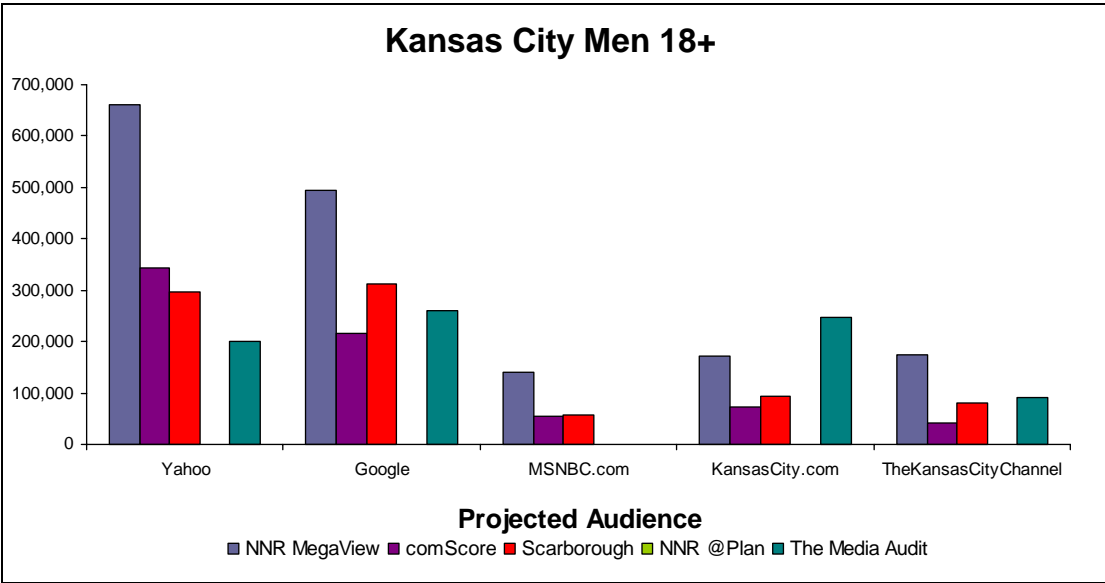
Gender Breakdowns

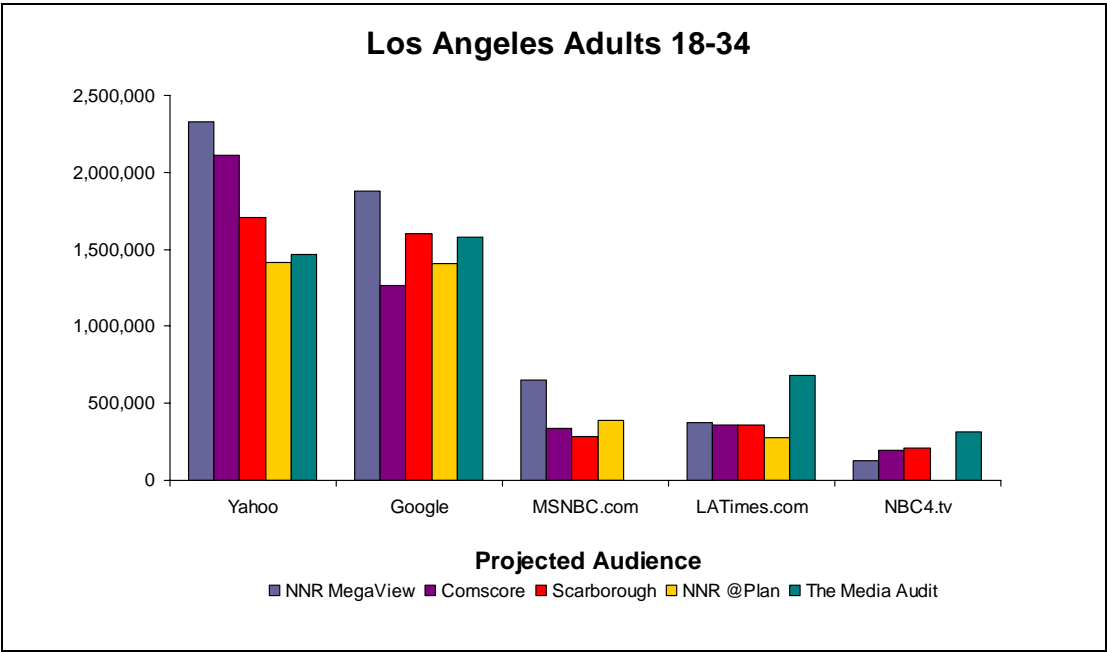
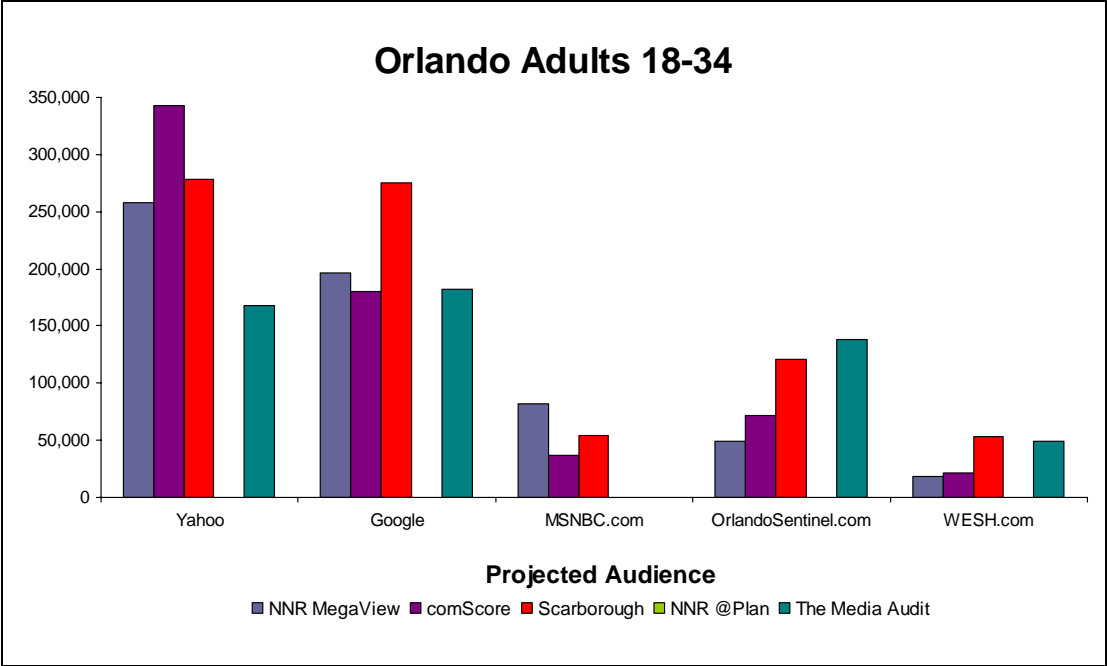
Drilling deeper into the data for particular demographics reveals additional differences across methods and services.

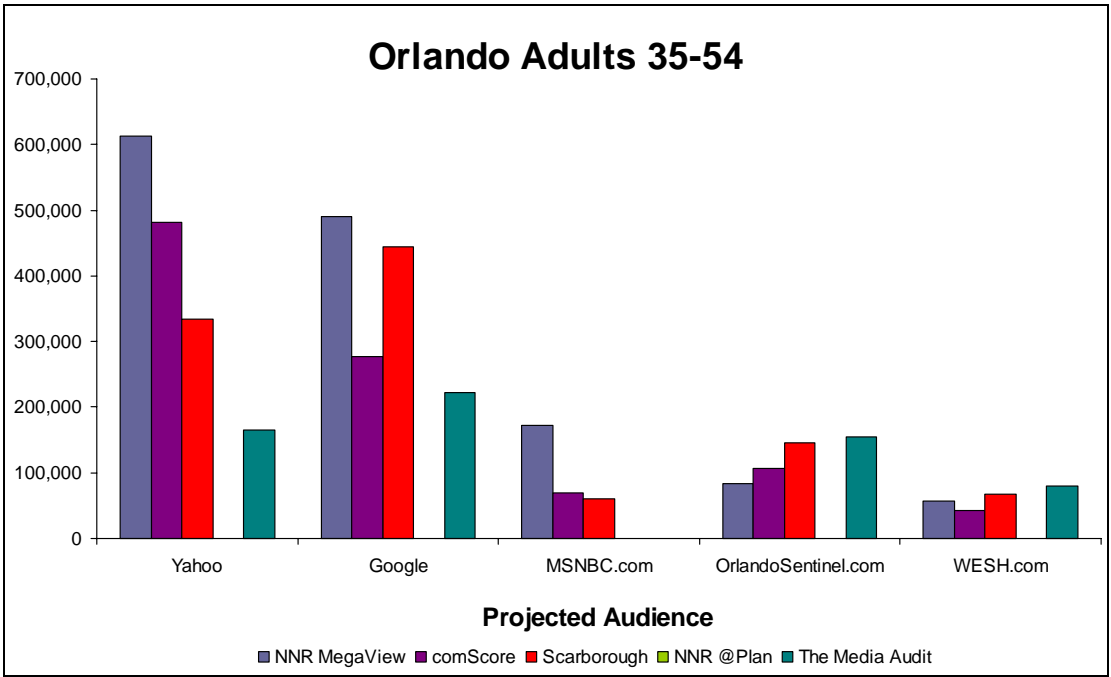
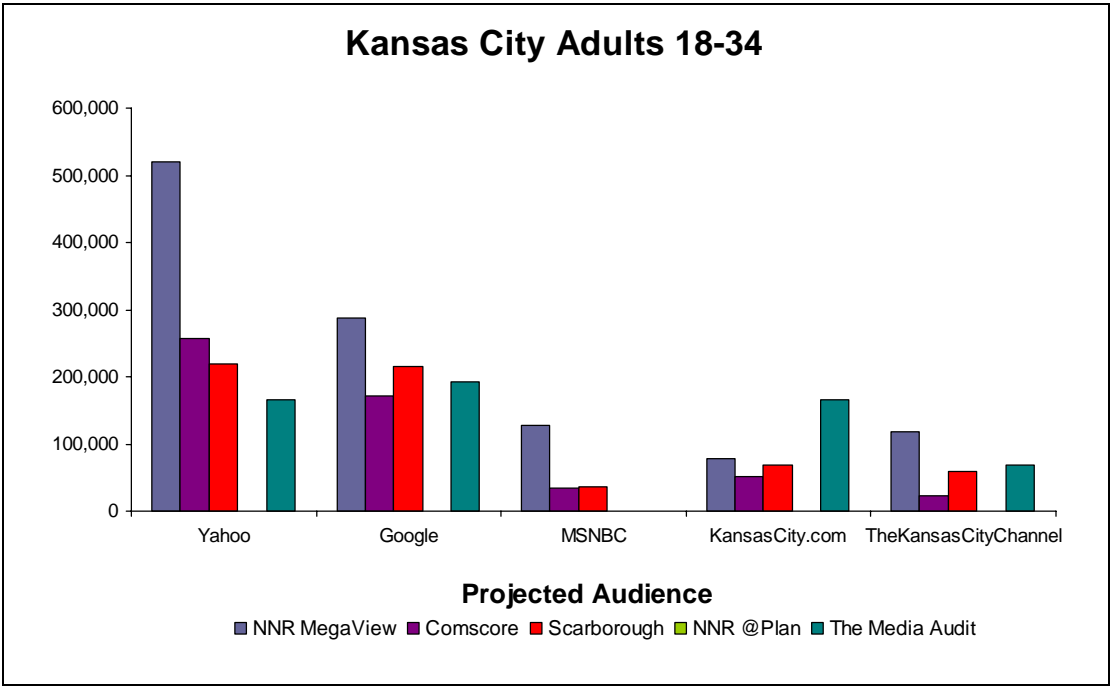
An analysis of gender breakdowns shows that @Plan is able to report on female visitors for all three markets, but cannot report on men in Orlando or Kansas City, as men do not meet the minimum reporting standards in those markets. Additionally, Nielsen//NetRatings' gender breakdowns sum to more than the total for all adults since there may be multiple female or male members in a single household.

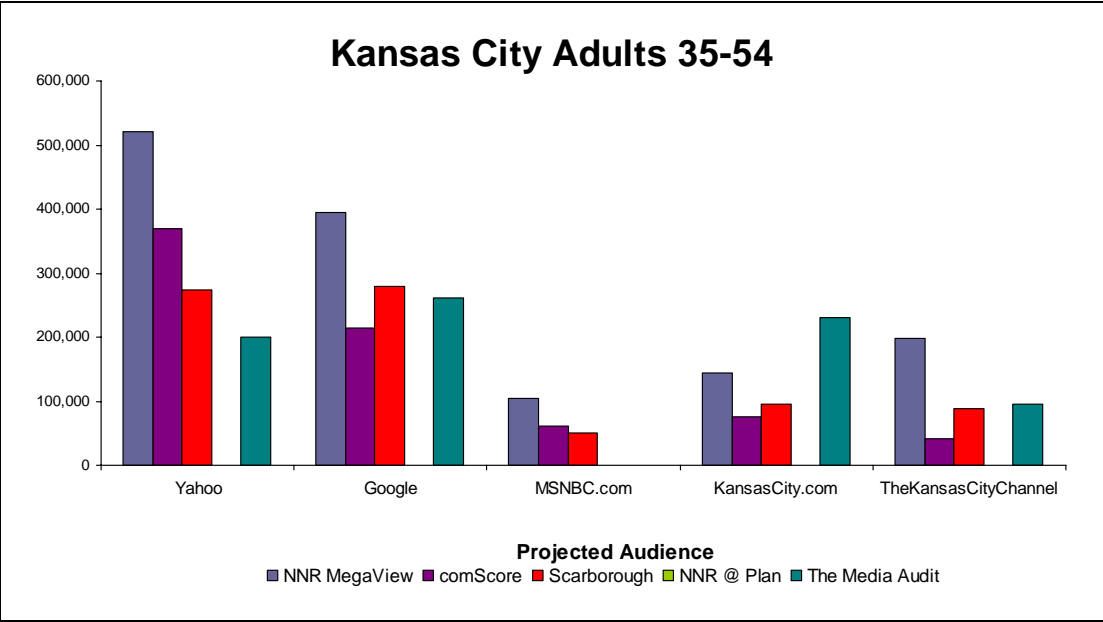
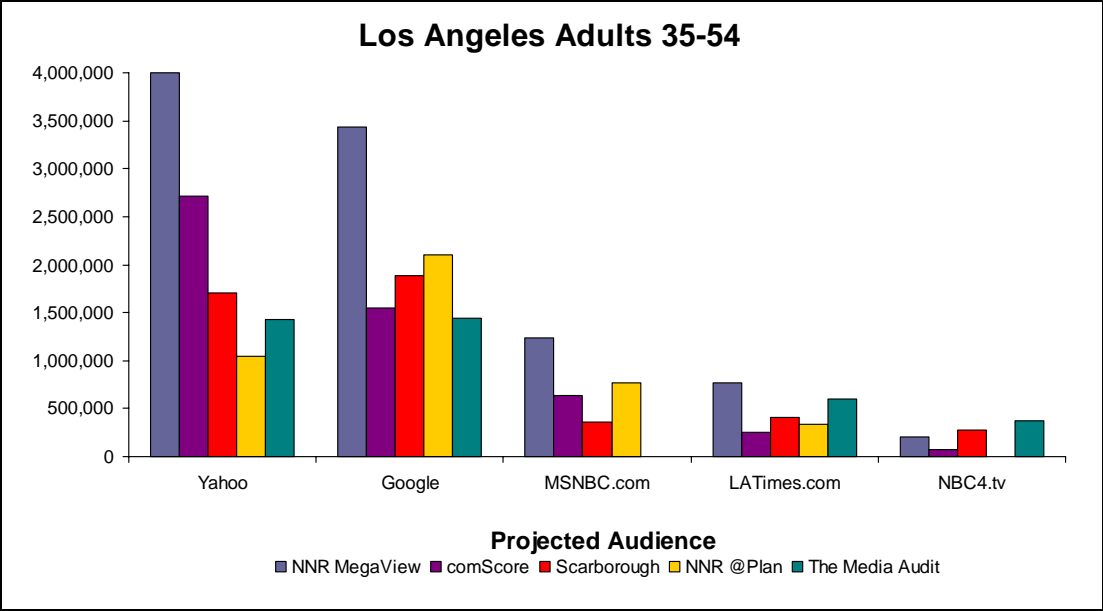


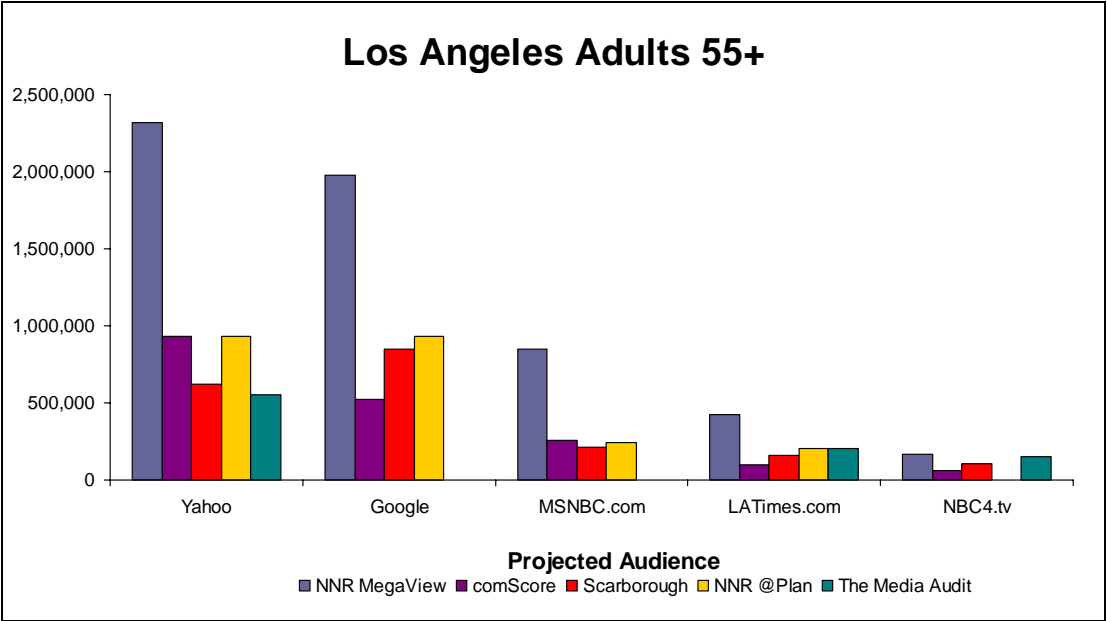
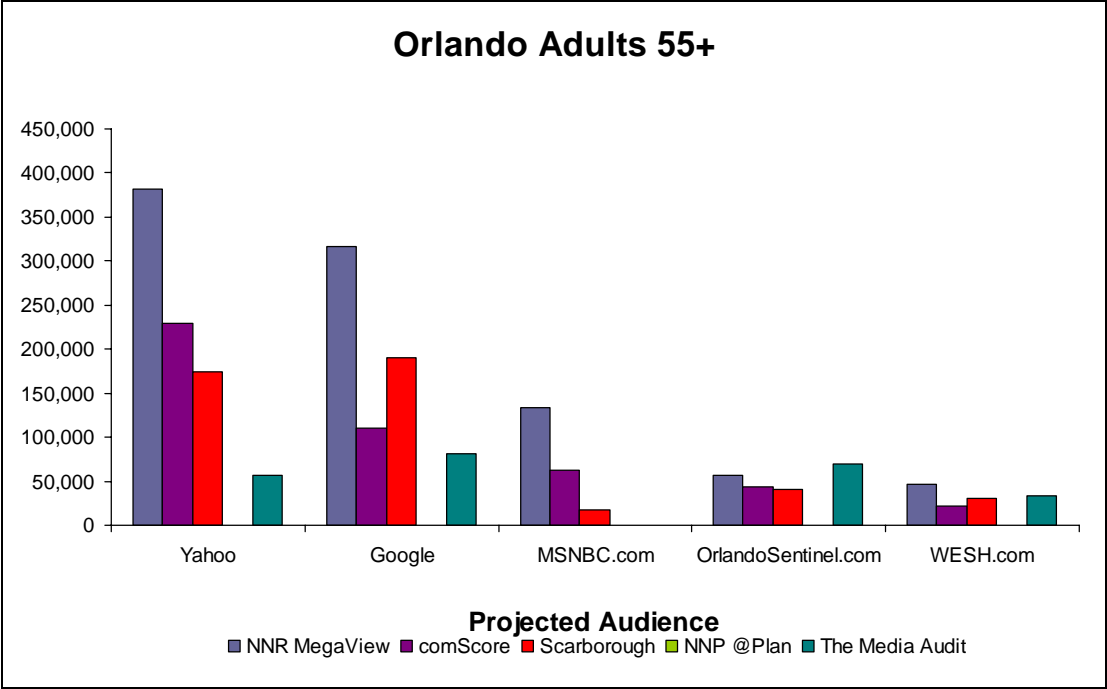


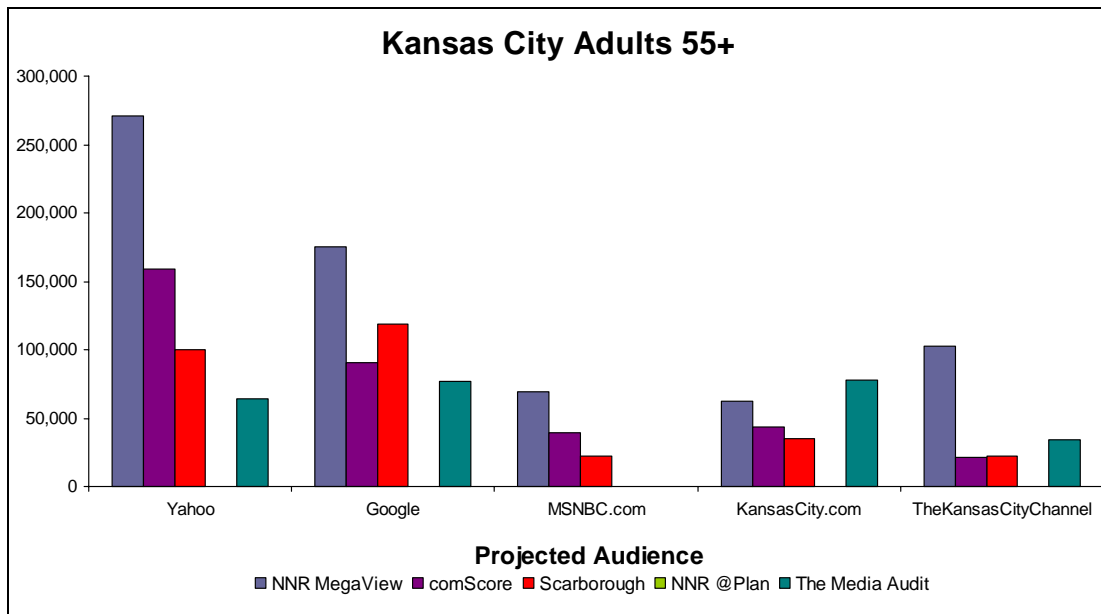












Discussion

One advantage of the telephone survey approach to local audience measurement is that respondents unambiguously represent people, as opposed to households or individual computers. This provides the advantage of capturing behavior irrespective of the machine or machines that an individual uses, or the locations from which they access the Web.

Since many users now regularly go online from more than one machine in more than one location, panels – particularly in local markets – may have a hard time capturing this phenomenon. This problem is endemic to panel-based Internet measurement in general, not just local measurement, and is difficult to overcome without the use of tracking software and individual user log-ins on every PC that the panelists use.

Customers of both Nielsen//NetRatings and comScore for both national and local measurement have expressed concern over whether at-work users are adequately measured and reported. While both companies weight their at-work panels in an attempt to eliminate the known problems, concern remains that the work samples are not robust enough. It is a lingering problem for any vendor who is trying to build a work sample which uses tracking software, something most corporations do not allow. There is no simple solution and it is one that all panel-based vendors are grappling with today.

Notwithstanding the limitations of the panel-based approaches, they do offer one significant advantage over telephone surveys: panel data is refreshed monthly, which is particularly important in the rapidly evolving Internet marketplace.

In the following two appendices, we summarize the features of the five services reviewed in this paper and document principal strengths and weaknesses of the various approaches.

VI. Appendix -- **COMPARATIVE CHART**

Company/Product	No. of markets covered	Recruitment methodology/ Universe	Sample Size	Sample Refresh	Incentive	Respondent Reporting Methodology	Ages	Feature set
comScore Media Metrix – Local Markets	Top 101 local markets	Combination of RDD among general population and online recruiting among online audience	117,000 panelists in the Local Market sample	About 40% of RDD panel naturally shows attrition annually.	Incentives range from \$15 quarterly to protection from viruses for their e-mail and sweepstakes drawings	Tracking software: installed on panelist's computer; runs through comScore proxy server. Requires user 'login' for panelist identification and reports on individual user behavior.	18+	<ul style="list-style-type: none"> Audience and site demographics Audience size – unique visitors, reach, usage intensity Site usage by category, category rankings and reach Media patterns
Nielsen/NetRatings – MegaView Local	Top 89 DMAs today, should cover top 100 DMAs shortly	Combination of RDD among general population and online recruiting among online audience	140,000 HH's, (an estimated 350,000 panelists)	Panel is new and continuously recruiting. They have not yet addressed panel refreshment.	Incentive is quarterly sweepstakes entry.	Tracking software: installed on panelist's computer, reports on HH currently, not individual behavior; does not require user 'login'.	18+	<ul style="list-style-type: none"> Household demographics such as income, number of children, ages, gender Audience size – unique visitors, usage intensity Reach/freq – local market's share of voice Advertising data – ad seen, promotion viewed Lifestyle preferences Media patterns
Nielsen/NetRatings - @Plan	Reports on 65 DMA's	RDD among general population	36,000 total respondent base; oldest 9,000 respondents released and replaced each quarter.	Refresh 25% quarterly	Cash incentives range from \$5 to \$15 depending on income strata.	Audience survey: After recruitment by phone, respondents are sent the incentive and password for an online survey. Questions on lifestyle and purchasing behaviors, Web sites and other media used. Uses aided recall. Most questions are asked quarterly, some every other quarter.	18+	<ul style="list-style-type: none"> Demographics – statistical profiling of targets Audience size – market size estimation Lifestyle preferences Shopping preferences Media patterns
Scarborough Research	Reports on 75 DMAs	RDD among general population	Between 2,000 and 10,000 annual respondents per DMA; total of about 203,000 respondents	Interviews are conducted 44 weeks/year; samples refreshed as needed.	Cash incentive varies by market and demographic.	Audience survey: Two-phase data collection – phone interview followed by mail-in survey, uses aided recall.	18+	<ul style="list-style-type: none"> Demographics Net cume reach (for both online and offline media) Lifestyle preferences Shopping preferences – amount spent, items purchased online Media patterns
The Media Audit	81 Markets	RDD among general population	Annual respondent base is more than 117, 000 adults.	Surveys conducted twice/year with entirely new samples.	No incentive for interview.	Audience survey: Phone interviews using aided recall with the exception of classifieds.	18+	<ul style="list-style-type: none"> Demographics Audience size Net cume reach (for both online and offline media) Lifestyle preferences Shopping preferences Media patterns - including Web site ratings data for local newspapers, television stations, radio stations, city guides and alternative weeklies in each of 80+ markets.

VI. Appendix II -- PROS/CONS

Company	PROS	CONS	Take-aways
Nielsen/NetRatings – MegaView Local	Large online panel weighted to RDD panel; technology is fairly transparent to the panelist; NetRatings sample size allows reporting on smaller sites and channels of larger sites; flexible offline reporting and data delivery (Excel); possible to include other MegaPanel data elements in reports (purchasing, travel, financial services, etc.).	Reports on HH level, not individual; breakdowns for demo cuts may not equal total audiences.	<ul style="list-style-type: none"> ▪ New service. A potentially strong contender in the local ratings business based on its recruitment methodology, metering technology and past experience in the measurement industry. Clients claim that while its very useful for metrics data such as reach, page views, UV, time spent, etc it is less useful for behavioral info or demos (in relation to audience survey services).
comScore Media Metrix – Local Markets	Reports on individuals rather than HHs; measures entire universe of Internet behavior, not just Web activity; provides easy access to both national <i>and</i> local data; measures many sites that are too small for its competitors to report on; covers more markets than competitors; facile ad-hoc multi-market reporting for sites and site categories; common Web-based “MyMetrix” reporting UI.	Aside from Buying Power Index, no lifestyle, purchasing or other data available in local reports, less transparent reporting of sample size/respondent base than competitors; reach and frequency and duplicate audience tools available in national product not in local reporting.	<ul style="list-style-type: none"> ▪ Strong local measures of metrics such as visitors, reach, page views, time, etc., as well as demographic info. But aside from Buying Power Index, no lifestyle, purchasing or other data available in local reports.
Nielsen/NetRatings - @Plan	Strong media planning tools; wealth of data on lifestyles, brand choices and purchasing, offline media; mature Web-based reporting tools.	Lack of granular data on site usage; self-reported survey methodology; site-level data rather than channels. Detailed national-level data, but not viewed as a reliable source for local data. Measures only larger Web sites. Relatively small national sample.	<ul style="list-style-type: none"> ▪ Primarily a national online media planning/buying tool. Lacking some essential data for local publishers including data on local usage such as time spent and page views.
Scarborough Research	Historically strong presence in the local newspaper space; combines online and offline media; reports local shopping and retail behavior; allows cross media, online/offline reach and frequency reporting; rigorous methodology; PC-based reporting software powerful but can be difficult to use.	Survey typically includes only larger, better known online brands; reporting only covers sites as a whole rather than particular sections of a site (e.g. Yahoo! vs. Yahoo! news); long lead time for including sites/data points in studies; infrequent data reporting vs. panel-based services; lags in number of local Web sites measured (but improved over several years ago).	<ul style="list-style-type: none"> ▪ Useful for companies that buy or sell integrated local online/offline media packages. For companies that are primarily Internet-focused, behavioral panels offer deeper, more current data
The Media Audit	Multi-media analysis of online with TV, newspaper or other offline media entity; daypart and classifieds usage reporting; wealth of local-level lifestyle and purchasing data; measures more local Web sites and smaller/niche offline media than its competitors; PC/Mac based analysis/reporting software easy to use; only service to produce a printed report book.	Periodic (vs. continual) data collection; infrequent data reporting vs. panel-based services; relatively small sample sizes can reduce respondent base for smaller media/targets below acceptable levels; use of limited number of “national” sites for local information measured.	<ul style="list-style-type: none"> ▪ Competitive product to Scarborough Research, with a heavy emphasis on deep coverage of local online and offline media; calculating reach and frequency across a variety of media; easy to use reporting software that can be deployed to sales reps.

About the Author

Marissa Gluck is Founder and Managing Partner of Radar Research, LLC www.radarresearch.com and is a writer, speaker and consultant covering the marketing and media industries. Named one of the ten "Thought Leaders of 2000" by Hub Magazine, Gluck has often been quoted in media outlets such as The New York Times, The Wall Street Journal, Advertising Age and BusinessWeek. Additionally, she has appeared on CNBC, MarketWatch, CNNfn, and NPR.

About the Online Publishers Association

Founded in June 2001, the Online Publishers Association (OPA) is an industry trade organization dedicated to representing high-quality online content providers before the advertising community, the press, the government and the public.

Comprised of some of the most trusted and well-respected media brands, the OPA is committed to producing groundbreaking research into online advertising and media consumption with the goal of advancing the online publishing industry. Through credible research and ongoing communications, the OPA seeks to establish and promote the Internet as an effective advertising medium for marketers and a sustainable media business for publishers, thereby ensuring the continued availability of quality content for consumers worldwide.

Members of the OPA ascribe to the highest standards in Internet publishing with respect to editorial quality and integrity, credibility and accountability.

Current members of the Online Publishers Association are: ABCNews.com, About.com, AllBusiness.com, Bankrate.com, Belo Interactive, BusinessWeek Online, CBS Digital Media, CNET Networks, Inc., CNN.com, CondéNet, ConsumerReports.org, Cox Enterprises, Edmunds.com, ESPN.com, Fairchild Bridal Group Internet, Forbes.com, Fox Interactive Media, Gannett Co., Inc., Hearst Interactive Media, Internet Broadcasting, iVillage, Jupitermedia, Knight Ridder Digital, LifetimeTV.com, MarketWatch, Meredith Interactive, MSNBC.com, MTV.com, Nascar.com, The New York Times Company, Reuters.com, Rodale, Scripps Networks, Scripps Newspapers, Slate, SportingNews.com, Time Inc. Interactive, Tribune Interactive, USATODAY.com, The Wall Street Journal Online, Walt Disney Internet Group, Washingtonpost.Newsweek Interactive, Weatherbug and The Weather Channel Inc.

The OPA White Papers

For questions about this series or to submit an idea for a future paper, please contact:

Online Publishers Association

500 Seventh Avenue, 14th Floor
New York, NY 10018

Email: info@online-publishers.org

URL: <http://www.online-publishers.org>